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## Philippines

### Livestock and Products

### Annual

### 2005

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**Report Highlights:**

Philippine swine production is forecast to decline in 2005 as a result of sporadic outbreaks of animal disease throughout the country and a continuing rise in production costs. Cattle production is expected to remain flat in 2005 as the breeder base stock continues to fall. Due to sluggish domestic cattle production, imports of carabeef are expected to continue growing mainly for use by the food processing industry. The projected slowdown of the Philippine economy, along with the continued rise in meat prices, will likely dampen consumption of beef and pork in the near term.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Manila [RP1]  
[RP]

## Production

**SWINE:** According to the Bureau of Agricultural Statistics (BAS), the Philippines' swine inventory as of January 1, 2005 was estimated at 12.14 million head, down compared to last year's level. Although animal inventory in commercial farms increased slightly, the decrease in hog numbers in backyard farms contributed to the decline in total stock of swine.

The Philippine hog industry is comprised mostly of backyard operations in contrast to other neighboring Southeast Asian countries. At present, about 76 percent of total swine stocks are raised in backyard operations while only 24 percent come from commercial farms.

In 2004, the output of the domestic swine industry, which contributes about 80 percent to total Philippine livestock production receipts, declined minimally after enjoying several years of continued growth, due in part to the closure of some backyard operations, the availability of inputs and rising production costs. This low level of hog production was reflected in the drop in animal and slaughter numbers recorded last year. Hog production is expected to decline once again in 2005 due in part to reported sporadic outbreaks of animal disease throughout the country as well as the continuing rise in production costs. However, a slight improvement in output is forecast for 2006 as farmgate prices of hogs continue to climb, giving industry an incentive to increase production.

Prices Table			
Country	Philippines		
Commodity	Animal Numbers, Swine		
Prices in	Pesos	per uom	Kilogram
Year	2003	2004	% Change
Jan	50.00	61.03	22
Feb	50.68	65.89	30
Mar	51.06	69.93	37
Apr	51.30	70.16	37
May	51.72	70.35	36
Jun	51.24	70.45	37
Jul	50.90	67.77	33
Aug	50.97	66.21	30
Sep	50.66	65.34	29
Oct	51.61	67.16	30
Nov	51.26	70.22	37
Dec	53.45	81.79	53
Avg.	51.29	68.86	34

Source: Bureau of Agricultural Statistics

The average farmgate price of swine in 2004 rose by a significant 34 percent from the previous year. The rise in farmgate prices, which began in the third quarter of 2003, has been mainly attributed by hog farmers to increased feed cost, particularly of corn and imported soybean meal, high costs of animal biologics and the rise in transportation costs. At present, ex-farm hog prices (as well as retail) remain at an all time high despite assurances from the domestic hog industry of adequate stocks for the rest of the year. According to traders, unlike 2004, yellow corn and soybean meal (SBM) prices have remained quite stable throughout the year due to ample supply.

PHILIPPINE CORN PRODUCTION AND PRICES		
YEAR	VOLUME (MMT)	AVG. YELLOW CORN PRICES (Pesos/kg)
2001	4.5	8.63
2002	4.3	8.21
2003	4.6	8.62
2004	5.6	10.35
2005	5.3 <sup>1</sup>	8.99 <sup>2</sup>

Source: Philippine Department of Agriculture

Despite lower SBM prices, smaller quantities of SBM were imported last year and reduced imports are forecast for this year, which indicates a possible slowdown in livestock and poultry production. The Philippines does not produce any soybeans, and with the exception of a few crushing facilities, the country relies almost entirely on imports for its SBM requirements.

YEAR	SOYBEAN MEAL IMPORTS (MT)	SOYBEAN IMPORTS (MT)	Average U.S. SBM FOB Prices (\$/kg)
2001	1,061	316	0.18
2002	1,291	264	0.19
2003	1,251	289	0.19
2004	1,160	284	0.25
2005 <sup>3</sup>	318	51	0.20

Source: Philippine National Statistics Office

Last year, more than half of the total swine population came from the top five producing regions namely: Central Luzon (13.7 percent), CALABARZON<sup>4</sup> (13 percent), Western Visayas (9.5 percent), Central Visayas (7.6 percent) and Davao Region (7.4 percent)

The supply chain for the Philippine hog industry starts with input procurement of feed ingredients sourced either domestically or from imports, with feed milling activities integrated with operations of medium and large commercial farms. Live hogs are then brought to slaughter houses and eventually are sold through wholesale and retail distribution channels. Large integrators also have grandparent (GP) stock farms supplying their sow fattener operations, either by contract breeding for sows or contract growing for fatteners.

**CATTLE:** Official government statistics report a slight decline in cattle production in 2004 due mainly to the low live birth rates achieved. Despite a slight increase in water buffalo (carabao) live births in 2004, total supply of live cattle as of January 2005 declined due to low calf crop output and a decrease in live cattle importation throughout the year. Expansion of the cattle sector is forecast to remain flat in 2005 and beyond as rising costs for imported feeder cattle and a low domestic animal base is expected to limit the growth of the cattle industry. Cattle production remains small at only 20 percent of total livestock production. For carabaos, Cagayan Valley registered the highest carabao population (10.5 percent), followed by Western Visayas (9.74 percent) and Central Mindanao (8.62 percent). On the other hand, beef cattle located in the Ilocos Region, Southern Tagalog, Central Visayas,

<sup>1</sup> Forecast

<sup>2</sup> January to May 2005 only

<sup>3</sup> January to April 2005 only

<sup>4</sup> CALABARZON Cavite-Laguna-Batangas area

Northern Mindanao, Cagayan Valley and Zamboanga Peninsula account for 63 percent of total beef cattle population.

Of the total cattle population, about 94 percent is raised in backyard farms and only 6 percent come from commercial operations. Several studies have noted the continued decline in the share of commercial farms vs. backyard operation. Several factors that have contributed to the decline include: the Comprehensive Agrarian Reform Program (CARP); land conversion; unstable peace and order situation; marketing problems; low profit margins on breeding operations; high interest rates and lack of credit.

Moreover, due to the high cost of imported feeder cattle, many feedlots that emerged in the 1990s have scaled down operations or are no longer in business today, further affecting domestic production.

The tight beef supply situation, as well as increasing input and transportation costs, pushed up average farmgate prices of live cattle by 13 percent in 2004. Ex-farm prices of live cattle remain high in 2005 and are likely to remain high throughout the rest of the year due to the current supply situation.

Prices Table			
Commodity	Animal Numbers, Cattle		
Prices in	Pesos	per uom	Kilogram
Year	2003	2004	% Change
Jan	51.28	50.00	-2
Feb	51.61	51.36	0
Mar	51.87	52.40	1
Apr	51.69	56.35	9
May	51.95	57.63	11
Jun	51.79	58.64	13
Jul	51.76	62.01	20
Aug	52.90	62.56	18
Sep	51.74	62.55	21
Oct	52.60	61.66	17
Nov	52.95	62.51	18
Dec	52.65	70.30	34
Avg.	52.04	59.00	13

Source: Bureau of Agricultural Statistics

## Consumption

The National Economic Development Authority (NEDA) still forecasts GDP to grow at 5.3 percent in 2005 despite record high world oil prices. According to several analysts, GDP growth in 2005 is expected slowdown to about 5 percent from 6.1 percent last year, due to projected weak agricultural growth, sluggish exports and high oil prices. Moreover, new taxes such as the Expanded Value Added Tax and additional excise taxes are most likely to dampen consumer spending. However, remittance from overseas Filipino workers is expected to augment consumer spending.

Filipinos are relatively large consumers of pork and are known to generally prefer pork to chicken or beef. However, as a result of the all time high retail price of pork and beef, a slowdown in total red meat consumption for 2005/06 is predicted, as consumers shift to other lower priced protein substitutes such as chicken and seafood.

While per capita consumption of beef increased in 2004 due to growing demand for processed meat products, there was a slight decline in per capita pork consumption observed during the same period.

<b>PER CAPITA MEAT CONSUMPTION 2002-2004 (Kg.)</b>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>
Beef	3.64	3.58	3.83
Pork	13.85	14.12	13.67
Chicken	8.04	8.00	8.20

Source: Bureau of Agricultural Statistics

**PORK:** In 2004, the retail price of pork recorded an average annual increase of 20.85 percent over 2003. Wholesale prices also registered a significant increase averaging 26.97 percent in 2004 compared to previous year's level. High prices of pork are likely to continue with supply of pork quite tight due to a decline in first quarter output.

<b>Prices Table (Retail)</b>			
<b>Country</b>	Philippines		
<b>Commodity</b>	Meat, Swine		
Prices in	Pesos	per uom	Kilogram
<b>Year</b>	<b>2003</b>	<b>2004</b>	<b>% Change</b>
Jan	110.30	128.33	16
Feb	112.85	136.79	21
Mar	114.47	142.69	25
Apr	114.76	141.65	23
May	114.90	139.03	21
Jun	114.62	136.86	19
Jul	112.38	134.95	20
Aug	111.27	133.21	20
Sep	109.47	131.13	20
Oct	108.53	130.60	20
Nov	110.11	137.52	25
Dec	118.96	143.81	21
Avg.	112.72	136.22	21

Source: Bureau of Agricultural Statistics

**BEEF:** Last year, the annual average wholesale and retail prices of beef increased by 14.2 percent and 11.17 percent, respectively. Prices of beef are likely to remain high throughout 2005 and next year as domestic production remains flat.

<b>Prices Table (RETAIL)</b>			
<b>Country</b>	Philippines		
<b>Commodity</b>	Meat, Beef and Veal		
Prices in	Pesos	per uom	Kilogram
Year	<b>2003</b>	<b>2004</b>	% Change
Jan	168.94	171.56	2
Feb	169.91	180.34	6
Mar	170.88	187.22	10
Apr	170.28	190.86	12
May	170.46	188.04	10
Jun	169.61	188.33	11
Jul	169.75	187.59	11
Aug	170.04	190.72	12
Sep	170.29	194.68	14
Oct	170.65	195.91	15
Nov	170.20	196.47	15
Dec	172.29	200.25	16
Avg.	170.28	189.30	11

Source: Bureau of Agricultural Statistics

## Trade

In 2004, beef and carabeef imports were much higher than earlier projected by Post. The increase in imports was mainly to compensate for the slowdown in domestic beef production. Beef imports, particularly of carabeef which is used mainly in food processing, are forecast to continue growing in 2005 and beyond due to the projected sluggish growth of the domestic cattle industry. The main country suppliers of beef, the majority of which is manufacturing grade beef, are India (carabeef) and Brazil (beef).

<b>Import Trade Matrix</b>			
<b>Country</b>	Philippines		
<b>Commodity</b>	Meat, Beef and Veal		
Time Period		Units:	MT
Imports for:	<b>2003</b>		<b>2004</b>
U.S.	1172	U.S.	1207
Others		Others	
India	75263	India	76061
Brazil	21607	Brazil	29386
Australia	20239	Australia	11682
New Zealand	2331	New Zealand	3430
Total for Others	119440		120559
Others not Listed	1871		3461
Grand Total	121311		124020

Source: National Statistics Office

About 99 percent of Philippine beef imports are boneless beef, mostly of manufacturing grade used in processed meat products. In 2004, the top suppliers of beef to the Philippines were India (58 percent), Brazil (31 percent), New Zealand (4 percent) and Australia (3 percent). With sluggish domestic production, importation of beef is forecast to continue growing in the short term to augment the domestic beef supply. Currently, over 40 percent of the total domestic beef supply is sourced from other countries.

As a result of the Philippine government's sustained efforts to encourage and explore alternative meat sources, the share of beef imports from Brazil has continued to grow. This initiative has resulted in a considerable market share loss for traditional Philippine beef supplier, Australia.

Last year, importation of both breeder and feeder cattle contracted significantly, which contributed to lower slaughter numbers and subsequent smaller domestic beef production. The decrease in live cattle importation is a direct result of high cattle prices, the weakness of the Philippine peso and the slowdown of the Philippine economy.

In 1990s, commercial feedlot fattening operations emerged and proliferated on account of the huge demand for meat and meat products brought about by the growing Philippine population, changing food preferences and import liberalization. However, the industry was heavily dependent on the importation of feeder stocks coming mostly from Australia and New Zealand. From 1990 to 1999, feeder cattle importation totaled 1.16 million head against breeder cattle importation of only 46,213 head. With the high dollar-peso exchange rate, importation decreased tremendously from 253,032 head in 1999 to only 55,000 head in 2004.

In 2004, Minimum Access Volume (MAV) utilization for fresh/frozen/chilled pork improved from 15 to 19 percent. Unlike beef imports which comprise a significant portion of total supply, fresh/frozen pork imports represent less than 10 percent of domestic supply. Despite a MAV volume of 53,005 MT last year, imports of pork have not been significant due primarily to prohibitive tariff rates of 35 percent (in-quota) and 40 percent (out-of-quota) for swine meat. There have been no imports of pork outside the MAV.

MAV UTILIZATION RATE 2002-04							
HS Code	Description	2002 MAV (MT)	Percent Used	2003 MAV (MT)	Percent Used	2004 MAV (MT)	Percent Used
0203	Fresh/Chilled/Frozen Pork	48,185	13	50,595	15	53,005	19

Source: MAV Management Committee, Philippine Department of Agriculture

Another factor for the low level of pork imports is the preference of most Filipinos for freshly slaughtered meat, as a significant majority of consumers still buy their food from wet markets. However, recent reforms in the retail sector, particularly the liberalization of the retail market and the growth and development of the modern Philippine supermarket, are slowly changing shopping patterns and food choices of Filipino consumers.

In 2004, major country suppliers of pork were France (57 percent), Germany (12 percent), South Korea (7 percent) and Denmark (7 percent). France and Germany have displaced traditional Asian sources such as China and South Korea. Over 45 percent of the country's total pork imports last year were comprised of processed pork products.

Import Trade Matrix			
Country	Philippines		
Commodity	Meat, Swine		
Time Period		Units:	MT
Imports for:	<b>2003</b>		<b>2004</b>
U.S.	0	U.S.	0
Others		Others	
China	8,653	France	13,888
South Korea	5,271	Germany	3,032
France	1910	South Korea	1,723
Germany	1455	Denmark	1,624
Canada	1187		
Total for Others	18476		20267
Others not Listed	3959		4,016
Grand Total	22435		24283

Source: National Statistics Office

Pork imports (excluding pork fat & offals) increased slightly in 2004 to reach 24,000 MT. Pork imports are likely to increase in 2005 to compensate for the reported contraction of the livestock sector during the first half of 2005.

## Policy

The main regulatory agencies monitoring the safety aspects of imported animals, meat and meat products are the Bureau of Animal Industry (BAI) and the National Meat Inspection Service (NMIS) under the Philippine Department of Agriculture. While BAI has jurisdiction over imports of live animals, meat and meat products, NMIS also plays a key role in the enforcement of the regulations over fresh, chilled and frozen meat and poultry imports into the Philippines.

Republic Act No. 3639 (RA 3639) established BAI and empowered it to prescribe safety standards including the importation, labeling and distribution of livestock, poultry, meat products, poultry products, dairy products and animal feeds and veterinary supplies. BAI is charged with preventing, controlling, containing and eradicating communicable animal diseases by regulating the flow of animals and animal products in the country.

Presidential Decree No. 7 (PD 7) authorizes the National Meat Inspection Commission (NMIC)<sup>5</sup> to implement policies and procedures governing post production flow of meat and meat products both locally produced and imported. The Meat Import/Export Services of the NMIC ensures that imported or exportable meat and meat products are produced under acceptable conditions and systems.

**National Meat Inspection Code:** In 2004, Republic Act 9296 (RA 9296) entitled "An Act Strengthening the Meat Inspection System in the Country" was signed into law. According to DA, the law was crafted to harmonize Philippine meat inspection laws with international standards to enable the domestic meat processing industry to participate in global trade. Certain provisions in the new law make it unlawful for shipping lines, airlines and agents to

<sup>5</sup> NMIC was renamed NMIS in 2004



ship meat and meat products to the Philippines without an accompanying Philippine Veterinary Quarantine Clearance (VQC) certificate. Several local meat traders and meat processors oppose this law as being unduly trade restrictive. The Code took effect on June 18, but its Implementing Rules and Regulations (IRR) have only recently been completed. Without IRRs, a law may not be implemented. A public consultation will be scheduled to hear stakeholders' views on the proposed IRRs. Domestic meat processors are expected to oppose the approval of the IRRs.

**Pork-in-a-Box Program:** To increase accessibility and reduce price of pork products in the market the Philippine Department of Agriculture launched in 2005 the "Pork-in-a-Box" program. A meat post-production system, this project is expected ensure safety, economy, efficiency and environmental soundness in all aspects of the pork supply chain.

Under this program, instead of transporting live hogs, the hogs will be processed at the point of origin in the Visayas and Mindanao, and only carcass and cut products will be transported directly to markets in Metro Manila. Aside from minimizing transport costs, the program is expected to provide access to ready markets, and reduce layers of middlemen that result in add-on-costs in the marketing of pork products.

In addition to cutting post-production losses and transport costs, the program aims to reduce the risk of disease transmission, improve meat quality and safety of pork and pork products. The program is also anticipated to spur the growth of the hog industry. The immediate target of the program is to establish hog trade between the Visayas/Mindanao and Metro Manila. In the long run, the program seeks to institutionalize hog trade in all areas of the country.

To assure the Pork-in-a-Box program's success, DA will conduct an information campaign to promote the benefits of production and consumption of chilled pork for the producers, markets and consumers. The success of Pork-in-a-Box will lie in the development of strong inter-island linkages and cold chain systems.

**Lifting the Ban on US Beef:** On July 28, the Philippine Department of Agriculture (DA) issued Memorandum Order 13 (MO#13) authorizing the resumption of imports of U.S. boneless beef and beef products coming from healthy, ambulatory cattle not older than 30 months and devoid of SRMs. On the same day, the DA followed-up with a press release announcing the lifting of restrictions on U.S. beef. MO#13 was issued by the DA despite being notified about the announcement made by USDA of the non-definite test results of another cow in the United States.

MO#13 lifted the temporary restriction imposed on the importation of live cattle, beef and their products from the United States imposed by DA's Memorandum Order 10 which became effective June 27, 2005, after the detection of the 2<sup>nd</sup> instance of an animal testing positive for BSE in the United States.

**Tariffs:** The 2005 MFN and Common Effective Preferential Tariff (CEPT) rates for ASEAN countries for all beef and pork and their products follow:

HS Code	Description	2005	
		MFN	CEPT
Beef - Fresh, Chilled or Frozen, Dried or Smoked			
0201.10.00	Carcasses and half-carcasses, of bovine animals, fresh or chilled	10	5
0201.20.00	Other cuts with bone in, of bovine animals, fresh or chilled	10	5
0201.30.10	Meat of bovine animals, boneless, manufacturing grade cuts, fresh or chilled	10	5
0201.30.90	Meat of bovine animals, boneless, other than manufacturing grade cuts, fresh or chilled	10	5
0202.10.00	Carcasses and half-carcasses of bovine animals, frozen	10	5
0202.20.00	Other cuts with bone in, of bovine animals, frozen	10	5
0202.30.10	Meat of bovine animals, boneless, manufacturing grade cuts, frozen	10	5
0202.30.90	Meat of bovine animals, boneless, other than manufacturing grade cuts, frozen	10	5
0210.20.00	Meat of bovine animals, salted, in brine, dried or smoked	7	0

<b>Beef Edible Offal &amp; Edible Fat</b>			
0206.10.00	Edible offal of bovine animals, fresh or chilled	7	0
0206.21.00	Tongues of bovine animals, frozen	7	0
0206.22.00	Livers of bovine animals, frozen	5	0
0206.29.00	Other edible offal of bovine animals, frozen	7	0
<b>Beef, Processed</b>			
1601.10.00	Sausages of all kinds, whether or not in airtight containers	40	5
1602.50.10	Meat and meat offal of bovine animals, prepared or preserved, in airtight containers	35	5
1602.50.90	Meat and meat offal of bovine animals, prepared or preserved, other than in airtight containers	35	5

HS Code	Description	2005			
		MFN		CEPT	
		In-quota	Out-quota	In-quota	Out-quota
Pork - Fresh, Chilled or Frozen, Dried or Smoked					
0203.11.00	Carcasses and half-carcasses, of swine, fresh or chilled	30	40	30	40

0203.12.00	Hams, shoulders and cuts thereof with bone in, of swine, fresh or chilled	30	40	30	40
0203.19.00	Other meat of swine fresh or chilled	30	40	30	40
0203.21.00	Carcasses and half-carcasses of swine, frozen	30	40	30	40
0203.22.00	Hams, shoulders and cuts thereof with bone in, of swine, frozen	30	40	30	40
0203.29.00	Other meat of swine, frozen	30	40	30	40

HS Code	Description	2005	
		MFN	CEPT
Pork Edible Offal & Edible Fat			
0210.11.00	Hams, shoulders and cuts thereof, with bone in, of swine, salted, in brine, dried or smoked	40	5
0210.12.00	Bellies (streaky) and cuts thereof of swine, salted in brine, dried or smoked	40	5
0210.19.00	Other meat and edible meat offal of swine, salted, in brine, dried or smoked	40	5
0206.30.00	Edible offal of swine, fresh or chilled	7	5
0206.41.00	Livers of swine, frozen	5	3
0206.49.00	Other edible offal of swine, frozen	10	5
0209.00.00	Pig fat free of lean meat and poultry fat (not rendered), fresh, chilled, frozen, salted, in brine, dried or smoked	5	0
Pork Processed			
1601.10.00	Sausages of all kinds, whether or not in airtight containers	40	5
1602.41.10	Hams and cuts thereof of swine, prepared or preserved, in airtight containers	40	5
1602.41.90	Hams and cuts thereof of swine, prepared or preserved, other than in airtight containers	40	5
1602.42.00	Shoulders and cuts thereof, of swine, prepared or preserved	40	5
1602.49.00	Other prepared or preserved meat and offal of swine, including mixtures	40	5
1602.50.90	Meat and meat offal of bovine animals, prepared or preserved, other than in airtight containers	40	5
HS Code	Description	2005	
		MFN	CEPT
Pork Edible Offal & Edible Fat			
0210.11.00	Hams, shoulders and cuts thereof, with bone in, of swine, salted, in brine, dried or smoked	40	5
0210.12.00	Bellies (streaky) and cuts thereof of swine, salted in brine, dried or smoked	40	5

0210.19.00	Other meat and edible meat offal of swine, salted, in brine, dried or smoked	40	5
0206.30.00	Edible offal of swine, fresh or chilled	7	5
0206.41.00	Livers of swine, frozen	5	3
0206.49.00	Other edible offal of swine, frozen	10	5
0209.00.00	Pig fat free of lean meat and poultry fat (not rendered), fresh, chilled, frozen, salted, in brine, dried or smoked	5	0
<b>Pork Processed</b>			
1601.10.00	Sausages of all kinds, whether or not in airtight containers	40	5
1602.41.10	Hams and cuts thereof of swine, prepared or preserved, in airtight containers	40	5
1602.41.90	Hams and cuts thereof of swine, prepared or preserved, other than in airtight containers	40	5
1602.42.00	Shoulders and cuts thereof, of swine, prepared or preserved	40	5
1602.49.00	Other prepared or preserved meat and offal of swine, including mixtures	40	5
1602.50.90	Meat and meat offal of bovine animals, prepared or preserved, other than in airtight containers	40	5

Source: Philippine Tariff & Customs Code

The average applied tariffs for 2005 are 10 percent for beef, and 30 percent (in-quota) to 40 percent (out-of-quota) for pork. Applied tariffs for meat sausages and prepared meats are 40 percent.

## Marketing

While the Philippine retail sector is increasing its role in supplying fresh and frozen meats to consumers, most meat products (90 percent) are still sold in wet markets while only 10 percent is currently sold at the supermarket level. Domestically-produced pork and beef is generally slaughtered at night and delivered "warm" to these wet markets. Refrigeration in Philippine households stands at only 10 percent (2003 Annual Poverty Indicator Survey) and thus fresh beef and pork are cooked very soon after slaughter.

Demand for processed meat products is expected to remain strong. Canned food is very popular among Filipino households. Though canned meat/meat products had been losing popularity in recent years due to increasing awareness of healthy lifestyles, demand for such products is being awakened by more aggressive campaigns by suppliers. Due to low Philippine per capita income, demand for frozen food will remain, however, extremely price-sensitive. Hotdogs, hams, sausages, salami and meat patties for burger are favorite chilled processed meats among consumers.

Demand for imported processed food products will remain relatively strong given the following factors: the growing interest and preference for western style cuisine, an increasing number of dual-income families and the increasing popularity of branded processed products. Additionally, a growing segment of young consumers is demanding imported products as a growing urbanization of the Philippine population spurs this growth.

**PROCESSED MEATS:** According to the Philippine Association of Meat Processors Inc. (PAMPI), the domestic meat processing industry is forecast to grow by 15 percent in 2005. The growing demand for processed meat products, which is estimated to be about 60 percent of the domestic meat market, is expected to drive this growth. Canned goods, in particular, have strong growth potential due to wide distribution prospects in both traditional retail outlets such as supermarkets and groceries as well as remote neighborhood convenience stores or “sari-sari” stores in rural areas.

PAMPI is looking to expand into the international market. With the recognition of the Office International des Epizooties (OIE) that most parts of the country are free from foot-and-mouth disease, PAMPI is reportedly optimistic about the country's potential to export more products and to become the regional production hub for processed meat products.

However, the industry's growth and export potential are constrained by the lack of new investment, an increasing global trend towards more stringent sanitary and phytosanitary (SPS) measures, and a limited source of raw materials, particularly beef, a base ingredient for most canned meat products. Because of the relatively small domestic cattle industry, local meat processors must source most of their meat requirements from other countries such as India, and South America as well as Australia, Europe and the United States.

In 2004, PAMPI imported some 194,000 MT (PWE) of meat worth \$350 million or 45 percent of the industry's raw material requirements. This included 60,100 MT of carabeef, 55,400 MT of beef, 55,600 MT of pork, and 22,900 MT of poultry.

Over the years, meat processing has become an important segment of the Philippine economy, contributing over P70 billion to the gross domestic product annually, providing 60,000 direct and indirect jobs and providing support to allied businesses such as packaging, canning, advertising, printing, media and retail trade.

<b>PSD Table</b>						
<b>Country</b>	<b>Philippines</b>					
<b>Commodity</b>	<b>Animal Numbers, Cattle</b>				(1000 HEAD)	
	Revised	2004	Estimate	2005	Forecast	2006
	Old	New	Old	New	Old	New
<b>Market Year Begin</b>		01/2004		01/2005		01/2006
Total Cattle Beg. Stks	5567	5567	5562	5582	5572	5597
Dairy Cows Beg. Stks	0	0	0	0	0	0
Beef Cows Beg. Stocks	0	0	0	0	0	0
Production (Calf Crop)	1195	1150	1200	1150	0	1160
Intra EC Imports	0	0	0	0	0	0
Total Imports	100	55	110	60	0	60
TOTAL Imports	100	55	110	60	0	60
<b>TOTAL SUPPLY</b>	<b>6862</b>	<b>6772</b>	<b>6872</b>	<b>6792</b>	<b>5572</b>	<b>6817</b>
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Cow Slaughter	0	0	0	0	0	0
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	1250	1150	1250	1150	0	1150
Total Slaughter	1250	1150	1250	1150	0	1150
Loss	50	40	50	45	0	45
Ending Inventories	5562	5582	5572	5597	0	5622
<b>TOTAL DISTRIBUTION</b>	<b>6862</b>	<b>6772</b>	<b>6872</b>	<b>6792</b>	<b>0</b>	<b>6817</b>
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

<b>PSD Table</b>						
<b>Country</b>	<b>Philippines</b>					
<b>Commodity</b>	<b>Meat, Beef and Veal</b>				(1000 MT CWE) (1000 HEAD)	
	Revised	2004	Estimate	2005	Forecast	2006
	Old	New	Old	New	Old	New
<b>Market Year Begin</b>		01/2004		01/2005		01/2006
Slaughter (Reference)	1250	1250	1250	1250	0	0
Beginning Stocks	0	0	0	0	0	0
Production	235	230	240	230	0	235
Intra EC Imports	0	0	0	0	0	0
Total Imports	125	160	130	160	0	160
TOTAL Imports	125	160	130	160	0	160
<b>TOTAL SUPPLY</b>	<b>360</b>	<b>390</b>	<b>370</b>	<b>390</b>	<b>0</b>	<b>395</b>
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	350	380	360	380	0	385
Other Use, Losses	10	10	10	10	0	10
TOTAL Dom. Consumption	360	390	370	390	0	395
Ending Stocks	0	0	0	0	0	0
<b>TOTAL DISTRIBUTION</b>	<b>360</b>	<b>390</b>	<b>370</b>	<b>390</b>	<b>0</b>	<b>395</b>
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

<b>PSD Table</b>						
<b>Country</b>	<b>Philippines</b>					
<b>Commodity</b>	<b>Animal Numbers, Swine</b>					
	Revised	2004	Estimate	2005	Forecast	2006
	Old	New	Old	New	Old	New
<b>Market Year Begin</b>		01/2004		01/2005		01/2006
TOTAL Beginning Stocks	12518	12518	12669	12139	12670	12090
Sow Beginning Stocks	2115	2170	2170	2110	0	2042
Production (Pig Crop)	23600	22750	24200	22110	0	22465
Intra EC Imports	0	0	0	0	0	0
Total Imports	1	1	1	1	0	1
TOTAL Imports	1	1	1	1	0	1
<b>TOTAL SUPPLY</b>	<b>36119</b>	<b>35269</b>	<b>36870</b>	<b>34250</b>	<b>12670</b>	<b>34556</b>
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0
OTHER SLAUGHTER	21250	20250	22000	19200	0	19800
Total Slaughter	21250	20250	22000	19200	0	19800
Loss	2200	2880	2200	2960	0	2600
Ending Inventories	12669	12139	12670	12090	0	12156
<b>TOTAL DISTRIBUTION</b>	<b>36119</b>	<b>35269</b>	<b>36870</b>	<b>34250</b>	<b>0</b>	<b>34556</b>
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0



<b>PSD Table</b>						
<b>Country</b>	<b>Philippines</b>					
<b>Commodity</b>	<b>Meat, Swine</b>				(1000 MT CWE) (1000 HEAD)	
	Revised	2004	Estimate	2005	Forecast	2006
	Old	New	Old	New	Old	New
<b>Market Year Begin</b>		01/2004		01/2005		01/2006
Slaughter (Reference)	21250	21250	22000	22000	0	0
Beginning Stocks	0	0	0	0	0	0
Production	1175	1145	1220	1100	0	1122
Intra EC Imports	0	0	0	0	0	0
Total Imports	23	25	24	30	0	30
TOTAL Imports	23	25	24	30	0	30
<b>TOTAL SUPPLY</b>	<b>1198</b>	<b>1170</b>	<b>1244</b>	<b>1130</b>	<b>0</b>	<b>1152</b>
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	1198	1170	1244	1130	0	1152
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	1198	1170	1244	1130	0	1152
Ending Stocks	0	0	0	0	0	0
<b>TOTAL DISTRIBUTION</b>	<b>1198</b>	<b>1170</b>	<b>1244</b>	<b>1130</b>	<b>0</b>	<b>1152</b>
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0